

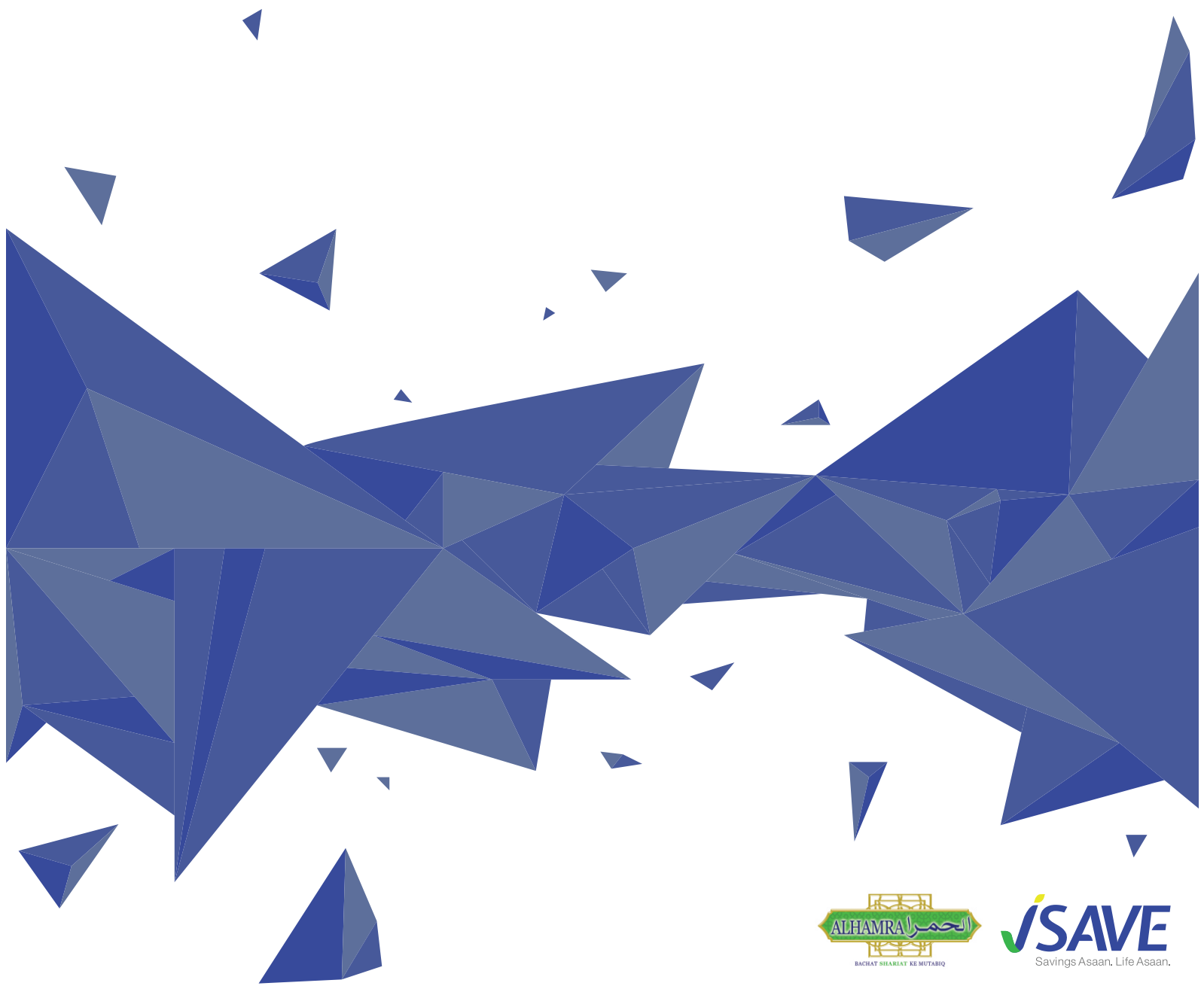


MCB-ARIF HABIB
Savings and Investments Limited

HALF YEARLY REPORT

DECEMBER
2021
(UNAUDITED)

Funds Under Management of
MCB-Arif Habib Savings and Investments Limited



ALHAMRA ISLAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Limited Silk Bank Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Soneri Bank Limited Al-Baraka Bank	
Auditors	Ernst & Young Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** accounts review for the half year ended December 31, 2021.

Economy and Money Market Review

The fiscal year started on strong note with government's renewed focus on reviving growth, as new finance minister announced several incentives in fiscal year 2022 (FY22) budget to spur growth. This was in addition to lagged impact of monetary easing (6.25% drop since start of covid lockdowns), low inflation and incentives on capital investment at lower rates (TERF), which further supported to growth premise. However, the sharp recovery in domestic demand, coupled with rising international commodity prices, led to a strong pick-up in imports and a commensurate increase in the current account deficit. Widening deficit also reflected on the exchange rate as the rupee depreciated by 10.4% against USD during first half of fiscal year ending June 2022 (1HFY22).

The country posted a current account deficit of USD 9.1bn in 1HFY22 compared to a surplus of USD 1.3bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 8.7bn in first half of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 56.9% in 1HFY22 compared to export growth of 29.0%. Trade Deficit increased by 86.0% to USD 21.2bn compared to USD 11.4bn in same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports. As per our estimates, prices contributed more than two-third of the increase in import bill.

Foreign exchange reserves of central bank saw an increase of USD 0.4bn as Pakistan received USD 2.75 billion from the IMF under its new SDR allocation and USD 3bn from Saudi Arabia for reserve support. The inflows helped in stabilizing forex reserves despite the huge current account deficit and due repayments.

Inflation remained a concern as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 9.8% in 1HFY22 compared to 8.6% in 1HFY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which keeps the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upward trend as it increased to 8.5% in December 2021 compared to 6.9% in June 2021. The SBP increased policy rate by a cumulative 275bps to 9.75% in this half to counter inflationary pressures and slow aggregate demand.

On the fiscal side FBR tax collection increased by 32.5% in 1HFY22 to PKR 2,920bn compared to PKR 2,204bn during same period last year. This exceeded the target of 2,633bn by 287bn. The improved tax collection was primarily on the back of higher custom duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in the half as SBP started the monetary tightening cycle. The recent depreciation in rupee along with persistently high commodity prices will add pressure to inflation and we expect average FY22 inflation to clock at 11.7% above the range of 9-11% forecasted by SBP. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 1.7%, 1.5% and 1.2%, respectively during the period.

Equity Market Review

The KSE-100 Index posted a negative return of 5.8% (2,760 points drop) in 1HFY22 compared to a positive return of 27.1% in same period last year. Challenging macros (rising in interest rate, depreciating PKR and widening twin deficit), increasing commodity prices, and MSCI's decision to downgrade Pakistan from Emerging Market to Frontier Market all weighted heavily on the index.

Cements, Refinery, Oil & Gas Marketing companies remained the major index dampeners, contributing 1,096 points, 370 points and 339 points to the index fall, respectively. In the cement sector, unprecedented

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

surge in international coal prices (USD 250/ton compared to an average of USD 64.5/ton last year) created a weak near-term earnings outlook for the sector leading to selling pressure. Moreover, decline in refineries and OMCs were largely on the account of delay in approval of refinery policy and continuous accumulation of circular debt, respectively.

Foreign institutional investors continued their selling spree, adding another USD 250 million during the half year, majority of which was countered by Individuals and Insurance companies. During the half year, average trading volumes saw a decline to 340 million shares compared to about 447million shares during the preceding half. Similarly, average trading value during the half saw a drop of 39% over last half to near USD 42 million.

FUND PERFORMANCE

During the period, ALHISF delivered a return of -6.64% as compared to benchmark return of -6.44%. Overall equity exposure of the fund stood at 93.5% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund had exposures majorly in Oil and Gas Exploration companies, Cement and Commercial Banks.

The Net Assets of the Fund as at December 31, 2021 stood at Rs. 3,137 million as compared to Rs. 3,410 million as at June 30, 2021 registering a decrease of 8.01%.

The Net Asset Value (NAV) per unit as at December 31, 2021 was Rs. 10.54 as compared to opening NAV of Rs. 11.29 per unit as at June 30, 2021 registering a decrease of Rs. 0.75 per unit.

Economy & Market – Future Outlook

The policy makers have moved their focus from growth to macroeconomic consolidation in view of elevated current account deficit and higher inflation trajectory. The SBP took a number of measures to curtail aggregate demand and imports including monetary tightening, raising cash reserve requirement and discouraging auto financing by banning financing of imported vehicle while capping financing requirement to PKR 3mn for locally assembled cars. These steps have started yielding results with imports receding from their historic high and currency depicting relative stability.

We expect GDP to grow by 4.6% this year slightly lower than the government target of 4.8%. We expect Agriculture, Industrial and Services Sector to grow by 5.0%, 4.1% and 4.6% respectively. Industrial Sector growth is likely to remain robust but below government target due to some demand compression as a result of monetary tightening. Agriculture sector growth on the other hand is likely to exceed government estimates due to expected bumper wheat and cotton crop. The Covid Vaccination roll out has been quite successful which is anticipated to unleash Services growth as this segment was the most affected by the pandemic.

The persistently elevated international commodities prices especially petroleum, palm oil, coal, fertilizers and steel, has led to a strong pick-up in imports and a rise in the current account deficit, which we expect to close the year around USD 16 billion (4.3% of GDP). This would be the largest current account deficit since fiscal year 2018, when the country posted CAD of USD 19.2 billion (6.1% of GDP). Responding to a high CAD, we expect PKR to depreciate further to end the fiscal year near PKR 183 against a dollar.

Successful continuation of the IMF program will be a key prerequisite to keep the financial account in positive zone. The SBP is expected to continue to discourage unnecessary imports and use flexible market determined exchange rate and appropriate monetary policy setting to ensure sustainable external account position. The remittances along with bilateral and multilateral flows would also be crucial in managing our external position.

The expected rise in energy tariffs, currency depreciation and higher international commodities prices will lead to increase in inflation in this year. We expect inflation to remain in double digits for rest of the fiscal

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2021

year to average around 11.7% for year. SBP has increased policy rate by a cumulative 275bps to 9.75% to counter inflationary pressures and ensure that growth remains sustainable. It has indicated that its goal to achieve mildly positive interest rate on a forward-looking basis was now close to being achieved. However, the recent surge in international oil prices poses upside risk to the equation. We expect interest rates to rise around 10%-10.5% by the end of fiscal year.

From capital market perspective, particularly equities, the recent correction in stock prices have opened up valuation. The market has priced in expected interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 14.4%, a discount of 57% from its historical average. Similarly, risk premiums are close to 5.9%, compared to historical average of 1.9% signifying abnormal returns for long term investors. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 5.5x, while offering a dividend yield of 8.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given expected increase in interest rates. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 7.0% during the half to PKR 1,090bn at the end of 1HFY22. Total money market funds grew by about 19.9% since June 2021. Within the money market sphere, the conventional funds dominated as they grew by about 33.9% to PKR 382bn while Islamic funds declined by 2.3% to PKR 178bn. In addition, the total fixed Income funds increased by about 0.9% since June 2021, as the conventional income funds declined by 3.7% to PKR 121bn. Equity and related funds declined by 8.1% as market witnessed a decline in the half eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 51.4%, followed by Equity and Equity related funds with a share of 25.2% and Income funds having a share of 22.7% as at the end of 1HFY22.

Mutual Fund Industry Outlook

The recent increase in interest rates along with prospect of further monetary tightening would increase flows in the money market funds. The money markets funds by virtue of its short duration would be the ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices have opened up valuations and long term investors would look to add equity exposure at these attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
February 08, 2022



Nasim Beg
Director / Vice Chairman
February 08, 2022

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے نصف اول کے دوران تقریباً 7.0 فیصد بڑھ کر اختتام مدت پر 1,090 بلین روپے ہو گئے۔ منی مارکیٹ کی مجموعی فنڈ میں جون 2021ء سے اب تک تقریباً 19.9 فیصد کا اضافہ ہوا ہے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈ حاوی رہے کیونکہ تقریباً 33.9 فیصد بڑھ کر 382 بلین روپے ہو گئے، جبکہ اسلامک فنڈ 2.3 فیصد کم ہو کر 178 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 0.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈ 3.7 فیصد کم ہو کر 121 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈ 8.1 فیصد کم ہو گئے کیونکہ زیر جائزہ ششاہی کے دوران مارکیٹ میں انحطاط آیا اور اثاثہ جات تحت الانتظامیہ کم ہو گئے کیونکہ وسیع معاشی اور جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے نصف اول کے اختتام پر منی مارکیٹ فنڈ تقریباً 51.4 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر ایکویٹی اور متعلقہ فنڈ تھے جن کا 25.2 فیصد حصہ تھا، اور تیسرے نمبر پر انکم فنڈ تھے جن کا 22.7 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں حالیہ اضافے اور مزید مالیاتی سختی کے امکان سے منی مارکیٹ فنڈز میں آمدورفت میں اضافہ ہوگا۔ منی مارکیٹ فنڈ اپنی مختصر مدت کے سبب ایسے سرمایہ کاروں کے لیے موزوں ترین ہوں گے جو مختصر میعاد میں کام کرنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کی ٹرسٹیز کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ نیز، ڈائریکٹر انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹر



نسیم بیگ
ڈائریکٹر/وائس چیئرمین
08 فروری 2022ء



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
08 فروری 2022ء

اے ڈی) میں اضافہ ہوا جو ہماری توقع کے مطابق اختتام سال پر تقریباً 16 بلین (جی ڈی پی کا 4.3 فیصد) ہوگا۔ یہ مالی سال 2018ء میں 19.2 بلین ڈالر (جی ڈی پی کے 6.1 فیصد) کے بعد سے اب تک کا سب سے زیادہ سی اے ڈی ہوگا۔ ہم سمجھتے ہیں کہ بلند سی اے ڈی کے رد عمل کے طور پر روپے کی قدر میں مزید کمی ہوگی اور اختتام مالی سال پر یہ 183 روپے فی ڈالر ہو جائے گا۔

’آئی ایم ایف‘ پروگرام کا کامیاب تسلسل مالی گوشوارے کو مثبت حد میں رکھنے کی اہم ترین شرط ثابت ہوگا۔ اُمید ہے کہ ایس بی پی غیر ضروری درآمدات کی حوصلہ شکنی جاری رکھے گا اور مارکیٹ کا تعین کردہ پیکڈ ارزِ مبادلہ کی شرح اور مالیاتی پالیسی کی موزوں ترتیب استعمال کر کے خارجی گوشوارے کی قابل بقاء صورتحال کو یقینی بنائے گا۔ ترسیلات زر کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی آمد و رفت بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم ثابت ہوں گی۔

بجلی کی قیمتوں میں متوقع اضافے، روپے کی قدر میں کمی اور اشیاء کی بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں اس سال افراط زر میں اضافہ ہوگا۔ ہماری توقع کے مطابق افراط زر بقیہ مالی سال میں دو ہندسوں پر مشتمل رہے گی اور یوں اس کا اوسط برائے سال تقریباً 11.7 فیصد بنے گا۔ ایس بی پی نے پالیسی شرح میں مجموعی طور پر 275bps کا اضافہ کر کے اسے 9.75 فیصد کر دیا ہے تاکہ افراط زر کے دباؤ سے نمٹا جاسکے اور یہ یقینی بنایا جاسکے کہ ترقی قابل بقاء رہے۔ ایس بی پی نے اس طرف اشارہ کیا ہے کہ اس کا فارورڈ لکنگ بنیاد پر ہلکا پھلکا مثبت شرح سود حاصل کرنے کا مقصد پورا ہونے کے قریب تھا، تاہم تیل کی بین الاقوامی قیمتوں میں اضافہ رکاوٹ بن رہا ہے۔ ہم سمجھتے ہیں کہ مالی سال کے اختتام تک سود کی شرحوں میں تقریباً 10 سے 10.5 فیصد تک کا اضافہ ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے تناظر میں اسٹاک کی قیمتوں میں حالیہ تصحیح سے تعین قدر کھل گئی ہے۔ مارکیٹ نے شرح سود میں متوقع اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 14.4 فیصد رہ گیا جو اس کے historical اوسط سے 57 فیصد کم ہے۔ اسی طرح، رسک پریمیئم 5.9 فیصد کے قریب ہیں جبکہ اس کے بالمقابل اس کا تاریخی اوسط 9.1 فیصد تھا، جس کا مطلب ہے طویل المیعاد سرمایہ کاروں کے لیے غیر معمولی منافع جات ہوں گے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کا خورد منظر زیادہ اہم رہے گا اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ میں فی الوقت 5.5x قیمت کے آمدنی کے ساتھ تناسب (PER) پر تجارت ہو رہی ہے جبکہ 8.2 فیصد ڈیویڈنڈ دستیاب ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

غیر ملکی ادارہ جاتی سرمایہ کاروں نے فروخت کا سلسلہ جاری رکھا اور نصف سال کے دوران مزید 250 ملین ڈالر کا اضافہ کیا، جس کے اکثر حصے کا مقابلہ افراد اور بیمہ کمپنیوں نے کیا۔ زیر جائزہ نصف سال کے دوران اوسط تجارتی حجم کم ہو کر 340 ملین حصص ہو گئے جبکہ اس کے بالمقابل گزشتہ نصف سال کے دوران تقریباً 447 ملین حصص تھے۔ اسی طرح، اوسط تجارتی قدر زیر جائزہ نصف سال کے دوران گزشتہ نصف سال کے مقابلے میں 39 فیصد کم ہو کر تقریباً 42 ملین ڈالر ہو گئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے -6.64 فیصد کا منافع حاصل کیا جبکہ مقررہ منافع -6.44 فیصد تھا۔ مدت کے اختتام پر ایکویٹی میں مجموعی سرمایہ کاری 93.5 فیصد رہی اس سہ ماہی میں فنڈ نے مختلف سیکٹر اور کمپنی کے تبدیلیوں کو مد نظر رکھتے ہوئے اپنی سرمایہ کاری کی حکمت عملی کو وقتاً فوقتاً تبدیل کیا۔ اس مدت کے دوران فنڈ کی بنیادی سرمایہ کاری تیل اور گیس دریافت کرنے والی کمپنیوں، سیمنٹ اور کمرشل بینکوں میں تھی۔

31 دسمبر 2021ء کو فنڈ کے خالص اثاثے 3,137 ملین روپے رہے جبکہ 30 جون 2021ء کو 3,410 ملین روپے تھے، یعنی 8.01 فیصد کی کمی درج کی گئی۔

31 دسمبر 2021ء کو خالص اثاثہ قدر (این اے وی) فی یونٹ 10.54 روپے رہی جبکہ 30 جون 2021ء کو این اے وی 11.29 روپے فی یونٹ تھے، یعنی 0.75 روپے فی یونٹ کی کمی درج کی گئی۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

کرنٹ اکاؤنٹ خسارے اور افراط زر میں اضافے کے پیش نظر پالیسی سازوں نے اپنی توجہ کا مرکز ترقی سے ہٹا کر وسیع معاشی ہم آہنگی کو بنالیا ہے۔ 'ایس بی پی' نے مجموعی طلب اور درآمدات کو کم کرنے کے لیے متعدد اقدامات کیے مثلاً مالیاتی سختی، نقد ذخائر کی مطلوبہ سطح میں اضافہ، اور آٹو فنانسنگ یعنی بینک وغیرہ سے قرض لے کر گاڑی کے حصول کی حوصلہ شکنی بذریعہ درآمد شدہ گاڑیوں کی فنانسنگ پر پابندی اور مقامی تیار کردہ گاڑیوں کی فنانسنگ کے لیے 3 ملین روپے کی مطلوبہ سطح کا تعین۔ ان اقدامات کے ثمرات ظاہر ہونا شروع ہو گئے ہیں کیونکہ درآمدات اپنی تاریخی بلند ترین سطح سے نیچے آرہی ہیں اور روپیہ نسبتاً مستحکم ہو رہا ہے۔

ہمیں مجموعی ملکی پیداوار (جی ڈی پی) میں اس سال 4.6 فیصد کی ترقی کی اُمید ہے جو حکومتی ہدف 4.8 فیصد سے کچھ کم ہے۔ ہماری توقع کے مطابق زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 5.0 فیصد، 4.1 فیصد اور 4.6 فیصد ترقی ہوگی۔ صنعتی شعبے کی ترقی ممکنہ طور پر بھرپور لیکن حکومتی ہدف سے کم ہوگی کیونکہ مالیاتی سختی کے باعث طلب کچھ حد تک سکڑ جائے گی۔ دوسری جانب زرعی شعبے کی ترقی متوقع طور پر حکومتی تخمینوں سے سبقت لے جائے گی کیونکہ گندم اور کپاس کی فصل کا بڑا حجم متوقع ہے۔ کووڈ ویکسینیشن کی مہم کافی حد تک کامیاب رہی جس کی بدولت خدمات کے شعبے میں ترقی متوقع ہے کیونکہ وبا سے سب سے زیادہ متاثر یہی شعبہ تھا۔ اشیاء، خصوصاً پٹرولیم، پام تیل، کوئلہ، کھاد اور اسٹیل، کی مسلسل بڑھی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات تیزی سے اوپر گئیں اور کرنٹ اکاؤنٹ خسارے (سی

اسباب اشیائے خوردونوش کی بلندتر قیمتیں، توانائی (بجلی اور ایندھن) کی بڑھی ہوئی لاگتیں، اور پاکستانی روپے کی قدر میں کمی کا دوسرا دور ہیں، جس سے درآمد شدہ اشیاء کی قیمتیں بلند رہتی ہیں۔

بنیادی افراط زر، جس کی پیمائش اشیائے خوردونوش اور توانائی کے علاوہ کے ذریعے کی جاتی ہے، میں بھی اضافے کا رجحان پایا گیا۔ دسمبر 2021ء میں 8.5 فیصد جبکہ اس کے بالمقابل جون 2021ء میں 6.9 فیصد۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں مجموعی طور پر 275bps اضافہ کر کے اسے اس ششماہی میں 9.75 فیصد کر دیا تاکہ افراط زر کے دباؤ اور سست رفتار مجموعی طلب کا مقابلہ کیا جاسکے۔

مالیاتی جہت میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی مالی سال 2022ء کے نصف اول میں 32.5 فیصد بڑھ کر 2,920 بلین روپے ہو گئی جبکہ اس کے بالمقابل گزشتہ سال ممال میں 2,204 بلین روپے تھی۔ یہ 2,633 بلین کے ہدف سے 287 بلین روپے زیادہ ہے۔ ٹیکس وصولی میں اضافے کا بنیادی سبب درآمدات میں اضافے کی بدولت زیادہ کسٹم ڈیوٹی اور سیلز ٹیکس کی وصولی ہے۔

ثانوی مارکیٹس کے منافع جات میں اس ششماہی میں قابل ذکر اضافہ ہوا ہے کیونکہ ایس بی پی نے مالیاتی سختی کا دورہ شروع کر دیا ہے۔ روپے کی قدر میں حالیہ کمی بمع اشیاء کی بلند قیمتوں سے افراط زر پر دباؤ میں اضافہ ہوگا اور ہمیں توقع ہے کہ مالی سال 2022ء کی اوسط افراط زر ایس بی پی کی پیش گوئی کردہ 9 سے 11 فیصد کی حد سے زیادہ یعنی 11.7 فیصد ہوگی۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافع جات میں دوران مدت بالترتیب 1.7 فیصد، 1.5 فیصد اور 1.2 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (کے ایس ای) 100 انڈیکس نے مالی سال 2022ء کے نصف اول میں 5.8 فیصد منفی منافع (2,760 پوائنٹس کمی) پوسٹ کیا جبکہ اس کے بالمقابل گزشتہ سال ممال میں 27.1 فیصد مثبت منافع ہوا تھا۔ وسیع عناصر میں مشکلات (شرح سود میں اضافہ، روپے کی قدر میں کمی اور پھیلتے ہوئے جڑواں خسارے)، بڑھتی ہوئی اشیاء کی قیمتیں، اور MSCI کا پاکستان کی درجہ بندی کو امرنگ مارکیٹ سے کم کر کے فرنٹیر مارکیٹ کرنے کا فیصلہ، ان تمام عوامل نے انڈیکس پر دباؤ ڈالا۔ سیمنٹ، ریفرنسری، اور تیل اور گیس کی مارکیٹنگ کی کمپنیاں وہ اہم شعبہ جات تھے جنہوں نے انڈیکس کو بالترتیب 1,096 پوائنٹس، 370 پوائنٹس اور 339 پوائنٹس متاثر کیا۔ کونسل کی بین الاقوامی قیمتوں میں بے نظیر اضافے (250 ڈالر فی ٹن سے بڑھ کر گزشتہ سال اوسطاً 64.5 ڈالر فی ٹن) نے سیمنٹ کے شعبے کی قریب المیعا درآمدیوں کی صورتحال کو کمزور کیا جس کے نتیجے میں فروخت کا دباؤ پیدا ہوا۔ علاوہ ازیں، ریفرنسریوں اور آئل مارکیٹنگ کمپنیوں میں انحطاط کی بڑی وجہ بالترتیب ریفرنسری کی پالیسیوں کی منظوری میں تاخیر اور گردش قرض کا مسلسل جمع ہونا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے الحمد اسلامک اسٹاک فنڈ کے اکاؤنٹس برائے نصف اول مختتمہ 31 دسمبر 2021ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

ترقی کی بحالی پر حکومت کی تجدید شدہ توجہ کے باعث مالی سال کا خوش آئند آغاز جسکی وجہ نئے وزیر خزانہ کا مالی سال 2022ء کے بجٹ میں متعدد ترقیاتی ترغیبات کا اعلان کرنا ہے۔ یہ پیش رفت مالیاتی تسہیل (کووڈ لاک ڈاؤن کے آغاز سے اب تک 6.25 فیصد کمی) کی سست اثر پذیری، پست افراط زر، اور کم شرحوں پر کیپیٹل کی سرمایہ کاری (TERF) پر مستزاد تھی جس کی بدولت ترقی کو مزید تحریک حاصل ہوئی۔ تاہم مقامی طلب میں ٹینڈ بحالی بمع اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے نتیجے میں درآمدات میں بھرپور اضافہ اور کرنٹ اکاؤنٹ خسارے میں متناسب اضافہ ہوا۔ خسارے میں اضافے کا اثر شرح زرمبادلہ پر بھی ظاہر ہوا اور مالی سال مختتمہ جون 2022ء کے نصف اول کے دوران روپیہ ڈالر کے مقابلے میں 10.4 فیصد گر گیا۔

مالی سال 2022ء کے نصف اول میں ملک کا کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 9.1 بلین ڈالر تھا جبکہ اس کے بالمقابل گزشتہ سال کی مماثل مدت میں 1.3 بلین ڈالر سرپلس تھا۔ یہ مالی سال 2018ء سے لے کر اب تک کا سب سے زیادہ سی اے ڈی تھا، یعنی مالی سال کے نصف اول میں 8.7 بلین ڈالر کا خسارہ۔ اس کا بنیادی سبب درآمدات میں اضافہ تھا جو مالی سال 2022ء کے نصف اول میں 56.9 فیصد تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 29.0 فیصد تھا۔ تجارتی خسارہ 86.0 فیصد بڑھ کر 21.2 بلین ڈالر ہو گیا جبکہ اس کے بالمقابل گزشتہ سال مماثل مدت میں 11.4 بلین ڈالر تھا۔ درآمدات میں بے نظیر اضافے کا سبب ہماری اشیاء کی basket کی historic بلند قیمتیں ہے جس میں خام تیل، palm تیل، کوئلہ اور اس کے ساتھ ویکسین کی یکبار درآمدات شامل ہیں۔ ہمارے تخمینوں کے مطابق درآمداتی بل میں اضافے کا دو تہائی سے زیادہ حصہ قیمتوں پر مشتمل ہے۔

مرکزی بینک کے زرمبادلہ کے ذخائر میں 0.4 بلین ڈالر اضافہ ہوا کیونکہ پاکستان کو انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے نئے 'ایس ڈی آر' اختصاص کے تحت 2.75 بلین ڈالر اور سعودی عرب کے طرف سے 3 بلین ڈالر برائے reserve معاونت موصول ہوئے۔ یہ وصولیاں کرنٹ اکاؤنٹ کے خطیر خسارے اور واجبات الاداء کے باوجود زرمبادلہ کے ذخائر میں استحکام لانے میں معاون ثابت ہوئیں۔

افراط زر کا مسئلہ برقرار رہا کیونکہ بڑھتی ہوئی اشیاء نے پالیسی سازوں کے لیے مشکلات پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن افراط زر، جس کی ترجمانی کنزیومر پرائس انڈیکس (سی پی آئی) یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2022ء کے نصف اول میں 9.8 فیصد تھا جبکہ اس کے بالمقابل مالی سال 2021ء کے نصف اول میں 8.6 فیصد تھا۔ اس اضافے کے بنیادی

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 22, 2022



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Alhamra Islamic Stock Fund

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Alhamra Islamic Stock Fund** (the Fund) as at **31 December 2021**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Movement in Unit Holders' Fund and condensed interim Cash Flow Statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



:- 2 :-

Other matter

The condensed interim financial statements for the half year ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 18 February 2021 and audit report dated 22 September 2021 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the review resulting in this independent auditors' review report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 24 February 2022

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 DECEMBER 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	180,795	126,051
Investments	5	2,999,753	3,343,373
Receivable against sale of investments		21,280	51,122
Dividend and markup receivables		938	794
Advances, deposits and other receivables		5,035	7,411
Total assets		3,207,801	3,528,751
LIABILITIES			
Payable to Management Company		16,758	17,960
Payable to Trustee		389	416
Payable to the Securities and Exchange Commission of Pakistan	6	354	691
Payable against purchase of investments		30,603	43,497
Accrued expenses and other liabilities	7	22,850	56,007
Total liabilities		70,954	118,571
NET ASSETS		3,136,847	3,410,180
Unit holders' fund (as per statement attached)		3,136,847	3,410,180
Contingencies and Commitments	8		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		297,708,398	301,982,760
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		10.5400	11.2900

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2021

		Half year ended		Quarter ended	
		December 31,		December 31,	
		2021	2020	2021	2020
Note		----- (Rupees in '000) -----			
INCOME					
Markup on balances with banks		4,924	4,839	2,629	1,674
Dividend income		85,946	60,907	49,182	49,882
(Loss) / gain on sale of investments - net		(105,656)	296,872	(88,938)	164,338
Unrealised (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss' - net	5.1	(173,626)	422,443	101,623	91,428
Total (loss) / income		(188,412)	785,061	64,496	307,322
EXPENSES					
Remuneration of the Management Company		35,353	33,696	16,209	17,308
Sindh Sales Tax on remuneration of the Management Company		4,596	4,381	2,107	2,249
Remuneration of the Trustee		2,272	2,184	1,063	1,115
Sindh Sales Tax on remuneration of the Trustee		295	285	138	146
Annual fee of the Securities and Exchange Commission of Pakistan		354	337	163	173
Allocated expenses	9	1,768	1,685	811	866
Selling and marketing expenses	10	22,978	21,902	10,535	11,250
Auditors' remuneration		223	257	109	144
Securities transaction cost		8,294	9,178	4,011	4,411
Settlement and bank charges		756	631	381	426
Legal and professional charges		472	68	36	34
Shariah advisory Fee		363	384	181	180
Printing and related charges		13	14	(12)	19
Donation / charity		2,623	2,633	1,326	2,312
Fees and subscriptions		14	26	6	20
(Reversal) / provision for Sindh Workers' Welfare Fund		(27,763)	14,148	-	5,333
Total expenses		52,611	91,809	37,064	45,986
Net (loss) / income for the period before taxation		(241,023)	693,252	27,433	261,336
Taxation	11	-	-	-	-
Net (loss) / income for the period		(241,023)	693,252	27,433	261,336
Earnings per unit					
12					
Allocation of net income for the period after taxation					
Net income for the period		-	693,252		
Income already paid on units redeemed		-	(114,449)		
		-	578,803		
Accounting income available for distribution:					
- Relating to capital gains		-	599,609		
- Excluding capital gains		-	(20,806)		
		-	578,803		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2021**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period	(241,023)	693,252	27,433	261,336
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(241,023)</u>	<u>693,252</u>	<u>27,433</u>	<u>261,336</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed (loss) / income	Total
(Rupees in '000)						
Net assets at the beginning of the period	3,385,741	24,439	3,410,180	3,181,435	(525,162)	2,656,273
Issuance of 197,540,675 (2020: 340,607,437) units:						
- Capital value (at net asset value per unit at the beginning of the period) at Rs.11.29	2,230,240	-	2,230,240	2,959,880	-	2,959,880
- Element of (loss) / income	(49,780)	-	(49,780)	442,076	-	442,076
	2,180,460	-	2,180,460	3,401,956	-	3,401,956
Redemption of 201,815,037 (2020: 317,765,343) units:						
- Capital value (at net asset value per unit at the beginning of the period) at Rs.11.29	2,278,498	-	2,278,498	2,761,381	-	2,761,381
- Element of (loss) / income	(65,728)	-	(65,728)	317,921	114,449	432,370
	2,212,770	-	2,212,770	3,079,302	114,449	3,193,751
Total comprehensive (loss) / income for the period	-	(241,023)	(241,023)	-	693,252	693,252
Distributions during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(241,023)	(241,023)	-	693,252	693,252
Net assets as at the end of the period	3,353,431	(216,584)	3,136,847	3,504,089	53,641	3,557,730
Undistributed income / (loss) brought forward comprising of:						
- Realised	(216,927)			(455,508)		
- Unrealised	241,366			(69,654)		
	24,439			(525,162)		
Accounting income available for distribution:						
- Relating to capital gains	-			599,609		
- Excluding capital gains	-			(20,806)		
	-			578,803		
Net loss for the period after taxation	(241,023)			-		
Undistributed (loss) / income carried forward	(216,584)			53,641		
Undistributed (loss) / income carried forward comprising of:						
- Realised	(42,958)			(368,802)		
- Unrealised	(173,626)			422,443		
	(216,584)			53,641		
	(Rupees)			(Rupees)		
Net assets value per unit as at beginning of the period	11.2900			8.6900		
Net assets value per unit as at end of the period	10.5400			10.8300		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Half year ended	
		December 31,	
		2021	2020
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period before taxation		(241,023)	693,252
Adjustments for non cash and other items:			
Markup on balances with banks		(4,924)	(4,839)
Dividend income		(85,946)	(60,907)
(Reversal) / provision for Sindh Workers' Welfare Fund		(27,763)	14,148
Loss / (gain) on sale of investments - net		105,656	(296,872)
Unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss' - net		173,626	(422,443)
		(80,374)	(77,661)
Decrease / (increase) in assets			
Investments - net		64,338	(440,724)
Receivable against sale of investments		29,842	(48,118)
Advances, deposits and other receivables		2,376	(3,277)
		96,556	(492,119)
(Decrease) / increase in liabilities			
Payable to Management Company		(1,202)	5,302
Payable to Trustee		(27)	104
Payable to the Securities and Exchange Commission of Pakistan		(337)	(193)
Payable against purchase of investments		(12,894)	77,370
Accrued expenses and other liabilities		(5,394)	4,612
		(19,854)	87,195
Markup received on balances with bank		4,369	5,993
Dividend received		86,357	58,774
Net cash generated / (used in) from operating activities		87,054	(417,818)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		2,180,460	3,401,956
Amount paid on redemption of units		(2,212,770)	(3,193,751)
Net cash (used in) / generated from financing activities		(32,310)	208,205
Net increase / (decrease) in cash and cash equivalents during the period		54,744	(209,613)
Cash and cash equivalents at the beginning of the period		126,051	298,097
Cash and cash equivalents at the end of the period	4	180,795	88,484

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October May 26, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Formation of the Fund as a closed-end fund was authorized by SECP on 13 May 2004, however with effect from 11 November 2010 the Fund was converted into open-end fund. The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is categorised as "Shariah Compliant Islamic Equity Scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund.
- 1.4 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2021 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from IAS 34 Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2 The disclosures made in these condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published audited financial statements of the Fund for the year ended June 30, 2021.
- 2.3 In compliance with schedule V of the NBFC Regulations, the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2021.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupee, which is the functional and presentation currency of the Fund.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Fund for the year ended June 30, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements.

Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use –	
- Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009

The above standards and amendments are not expected to have any material impact on the Fund's condensed interim financial statements in the period of initial application.

3.3 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2021.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
4. BALANCES WITH BANKS	Note	----- (Rupees in '000) -----	
In current accounts	4.1	19,852	18,146
In savings accounts	4.2	160,943	107,905
		<u>180,795</u>	<u>126,051</u>

4.1 These include a balance of Rs.6.87 (June 30, 2021: Rs.4.428) million maintained with MCB Bank Limited, a related party.

4.2 These carry profits at the rates ranging from 6.50% to 10.50% (June 30, 2020: 5.85% to 6.85%) per annum and include Rs.0.01 (June 30, 2021: Rs 0.010) million maintained with MCB Bank Limited, a related party which carries profit at the rate of 7.25% (June 30, 2021: 5.50%) per annum.

5. INVESTMENTS

At fair value through profit or loss

Listed equity securities	5.1	<u>2,999,753</u>	<u>3,343,373</u>
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

5.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	No. of shares					Balance as at December 31, 2021			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Carrying Value	Market value	Unrealised (loss) / gain		
------(Rupees in '000)------(%)-----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
Gandhara Nissan Limited	-	150,000	-	150,000	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	125,000	183,000	-	193,000	115,000	35,565	27,230	(8,336)	0.87%	0.08%
Millat Tractors Limited	30,000	-	-	30,000	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	156,000	304,100	-	245,100	215,000	66,455	50,151	(16,304)	1.60%	0.26%
						102,020	77,381	(24,640)	2.47%	0.34%
Automobile parts and accessories										
Agriauto Industries Limited *	124,800	2,000	-	79,300	47,500	12,967	10,613	(2,354)	0.34%	0.33%
Panther Tyres Limited	483,452	288,000	-	596,452	175,000	6,520	7,308	788	0.23%	0.13%
Thal Limited *	126,000	26,000	-	72,000	80,000	33,408	30,615	(2,793)	0.98%	0.20%
						52,895	48,536	(4,359)	1.55%	0.65%
Cable and electrical goods										
Pak Elektron Limited	-	1,421,000	-	724,500	696,500	16,054	15,685	(369)	0.50%	0.14%
						16,054	15,685	(369)	0.50%	0.14%
Cement										
Cherat Cement Company Limited	-	897,000	-	349,900	547,100	84,245	81,140	(3,105)	2.59%	0.28%
D.G. Khan Cement Company Limited	573,616	528,515	-	332,131	770,000	74,752	63,864	(10,888)	2.04%	0.18%
Fauji Cement Company Limited	2,160,000	3,587,000	-	2,410,000	3,337,000	64,552	61,301	(3,251)	1.95%	0.24%
Kohat Cement Company Limited	668,250	129,800	-	328,000	470,050	97,224	88,651	(8,573)	2.83%	0.23%
Lucky Cement Limited	375,000	134,000	-	107,723	401,277	340,318	272,579	(67,739)	8.69%	0.12%
Maple Leaf Cement Factory Limited	4,000,000	2,030,603	-	2,030,603	4,000,000	173,864	143,800	(30,064)	4.58%	0.36%
						834,956	711,336	(123,620)	22.68%	1.42%
Chemical										
Dynea Pakistan Limited*	-	14,300	-	14,300	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	1,075,000	703,500	-	778,500	1,000,000	51,421	54,210	2,789	1.73%	0.11%
						51,421	54,210	2,789	1.73%	0.11%
Commercial banks										
Bankislami Pakistan Limited	-	3,209,000	-	909,000	2,300,000	30,147	29,463	(684)	0.94%	0.21%
Meezan Bank Limited	2,100,000	846,332	299,925	1,196,257	2,050,000	228,810	274,926	46,116	8.76%	0.14%
						258,957	304,389	45,432	9.70%	0.35%
Engineering										
Agha Steel Industries Limited	-	1,278,500	48,750	327,000	1,000,250	26,702	26,177	(525)	0.83%	0.17%
Aisha Steel Mills Limited	-	3,334,500	-	1,834,500	1,500,000	22,919	22,590	(329)	0.72%	0.20%
Amreli Steels Limited	-	893,000	-	-	893,000	40,834	39,971	(864)	1.27%	0.30%
International Industries Limited	238,400	157,200	-	284,400	111,200	16,046	15,436	(610)	0.49%	0.08%
International Steels Limited	-	202,500	-	202,500	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	300,000	457,900	98,685	106,500	750,085	70,155	78,091	7,936	2.489%	0.26%
						176,657	182,264	5,607	5.81%	1.01%
Fertilizer										
Engro Corporation Limited	460,000	309,984	-	206,258	563,726	163,153	153,570	(9,583)	4.90%	0.10%
Fauji Fertilizer Bin Qasim Limited	1,000,000	2,638,000	-	2,383,000	1,255,000	28,100	31,099	2,998	0.99%	0.10%
						191,254	184,669	(6,585)	5.89%	0.20%
Food and personal care products										
Al Shaheer Corporation Limited	850,000	750,000	-	900,000	700,000	12,177	9,436	(2,741)	0.30%	0.23%
AT-Tahur Limited	-	591,500	33,420	89,000	535,920	13,635	12,332	(1,303)	0.39%	0.30%
The Organic Meat Company Limited	755,000	603,500	87,000	470,500	975,000	31,287	30,937	(350)	0.99%	0.87%
Unity Foods Limited	-	1,650,000	-	1,650,000	-	-	-	-	-	-
						57,099	52,704	(4,394)	1.68%	1.41%
Glass and ceramics										
Shabbir Tiles & Ceramics Limited *	328,000	512,500	-	328,000	512,500	14,121	11,962	(2,159)	0.38%	0.31%
Tariq Glass Industries Limited	-	70,000	-	-	70,000	7,326	7,596	270	0.24%	0.05%
						21,447	19,558	(1,889)	0.62%	0.36%
Miscellaneous										
Shifa International Hospitals Limited	158,600	62,900	4,430	51,600	174,330	36,120	33,023	(3,096)	1.05%	0.28%
Synthetic Products Enterprises Limited	380,164	410,577	30,413	321,000	500,154	9,959	9,028	(931)	0.29%	0.54%
Tri-Pak Films	70,200	-	-	70,200	-	-	-	-	0.00%	0.00%
						46,079	42,051	(4,028)	1.34%	0.82%
Oil and gas exploration companies										
Mari Petroleum Company Limited	146,500	49,160	-	52,160	143,500	222,255	237,382	15,127	7.57%	0.11%
Oil and Gas Development Company Limited	2,265,000	265,000	-	572,702	1,957,298	182,818	168,719	(14,099)	5.379%	0.05%
Pakistan Oilfields Limited	345,000	-	-	185,000	160,000	63,018	57,219	(5,798)	1.824%	0.06%
Pakistan Petroleum Limited	2,500,000	590,000	-	1,075,000	2,015,000	169,052	159,266	(9,786)	5.077%	0.07%
						637,142	622,586	(14,556)	19.85%	0.28%
Oil and gas marketing companies										
Attock Petroleum Limited	160,000	15,000	-	33,500	141,500	45,714	44,431	(1,283)	1.42%	0.14%
Hi-Tech Lubricants Limited	479,195	50,000	-	529,195	-	-	-	-	0.00%	0.00%
Pakistan State Oil Company limited	460,000	210,000	-	335,000	335,000	73,539	60,933	(12,606)	1.94%	0.07%
Shell (Pakistan) Limited	190,000	-	-	190,000	-	-	-	-	0.00%	0.00%
Sui Northern Gas Pipelines Limited	685,000	777,142	-	912,142	550,000	25,628	18,398	(7,231)	0.59%	0.09%
						144,881	123,762	(21,119)	3.95%	0.30%
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	86,450	-	-	64,450	22,000	17,432	15,785	(1,647)	0.50%	0.02%
Citi Pharma limited	-	350,000	-	-	350,000	11,210	12,516	1,306	0.40%	0.15%
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	80,600	-	-	80,600	22,772	19,429	(3,342)	0.62%	0.07%
Glaxosmithkline Pakistan	-	120,100	-	35,300	84,800	12,686	11,576	(1,110)	0.37%	0.03%
Highnoon Laboratories Limited	57,400	4,100	-	35,500	26,000	15,606	16,324	718	0.52%	0.07%
The Searle Company Limited	123,000	332,853	-	236,002	219,851	32,007	31,597	(410)	1.01%	0.09%
						111,712	107,228	(4,484)	3.42%	0.43%
Power generation and distribution										
Hub Power Company Limited	1,607,193	865,786	-	872,979	1,600,000	125,625	114,143	(11,481)	3.64%	0.12%
K-Electric Limited **	7,000,000	-	-	7,000,000	-	-	-	-	0.00%	0.00%
						125,625	114,143	(11,481)	3.64%	0.12%
Paper and Board										
Century Paper & Board Mills Limited	-	50,000	-	-	50,000	3,850	3,955	105	0.13%	0.03%
Cherat Packaging Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%
Packages Limited	130,250	16,050	-	81,800	64,500	34,872	32,074	(2,798)	1.02%	0.07%
						38,722	36,029	(2,693)	1.15%	0.10%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Name of the investee company	No. of shares -----					Balance as at December 31, 2021			Market value as a % of net assets of the Fund	% of paid-up capital of the investee company
	As at July 01, 2021	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2021	Carrying Value	Market value	Unrealised (loss) / gain		
						----- (Rupees in '000) -----			----- (%) -----	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Refinery										
Attock Refinery Limited	130,000	100,000	-	230,000	-	-	-	-	-	-
Cnergyco PK Limited	-	2,000,000	-	2,000,000	-	-	-	-	-	-
						-	-	-	0.00%	0.00%
Technology and communication										
Air Link Communication Ltd		426,500	-	-	426,500	27,591	24,763	(2,828)	0.79%	0.11%
Avanceon Limited	-	702,000	-	522,000	180,000	15,213	16,402	1,189	0.52%	0.07%
Octopus Digital Limited		369,299	-	169,000	200,299	12,736	15,575	2,839	0.50%	0.15%
Pakistan Telecommunication Company Limited	-	2,750,000	-	2,206,500	543,500	6,493	4,728	(1,764)	0.15%	0.01%
Systems Limited	115,000	43,477	-	42,322	116,155	74,595	88,259	13,664	2.81%	0.08%
Trg Pakistan	200,000	375,000	-	575,000	-	-	-	-	-	-
						136,627	149,727	13,100	4.77%	0.42%
Textile composite										
Interloop Limited	900,172	162,500	29,145	435,172	656,645	44,813	47,732	2,919	1.52%	0.08%
Kohinoor Textile Mills Limited	450,300	479,500	-	33,500	896,300	69,678	62,221	(7,457)	1.98%	0.30%
Nishat (Chunain) Limited	-	350,000	-	-	350,000	14,746	15,943	1,196	0.51%	0.15%
Nishat Mills Limited	-	517,200	-	517,200	-	-	-	-	-	-
						129,237	125,895	(3,342)	4.01%	0.52%
Transport										
Pakistan International Bulk Terminal Limited	2,850,000	1,390,000	-	490,000	3,750,000	40,595	27,600	(12,995)	0.88%	0.21%
						40,595	27,600	(12,995)	0.88%	0.21%
Total as at December 31, 2021 (Un-audited)						3,173,380	2,999,753	(173,626)		
Total as at June 30, 2021 (Audited)						3,102,007	3,343,373	241,366		

* These have a face value of Rs.5 per share.

** These have a face value of Rs.3.5 per share.

5.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	(Un-audited) December 31, 2021	(Audited) June 30, 2021	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Number of shares) -----		----- (Rupees in '000) -----	
The Hub Power Company Limited	650,000	650,000	46,371	51,786
Oil & Gas Development Company Limited	700,000	700,000	60,340	66,521
	1,350,000	1,350,000	106,711	118,307

5.1.2 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs.Rs.0.04 million (June 30, 2021: Rs.0.07 million). Such shares have not been deposited by the investee company in CDC account in Income Tax department. The Fund has included the shares withheld in its investments and recorded them at fair market value at year end. Furthermore, the Finance Act 2018 has brought an amendment in the Income Tax Ordinance 2001, whereby the 5% withholding tax on bonus shares has been withdrawn. Therefore, the bonus shares received during the half year ended December 31, 2021 are not liable to withholding of Income Tax.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

6. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.02% (June 30, 2021: 0.02%) of the average daily net assets of the Fund.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	7.1	-	27,763
Federal Excise Duty payable on management remuneration	7.2	5,689	5,689
Federal Excise Duty payable on sales load		125	125
Unclaimed dividends		12,236	12,236
Brokerage payable		832	2,495
Auditors' remuneration		227	313
Withholding tax payable		373	2,263
Printing and related charges payable		30	40
Payable to legal advisor		436	30
Charity Payable		2,623	4,775
Others		279	278
		22,850	56,007

- 7.1** Sindh Revenue Board (SRB) through its letter dated August 12, 2021 received on August 13, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds till August 12, 2021 on August 13, 2021.

SECP has also given its concurrence for recording reversal of provision of SWWF on the day letter was received by MUFAP. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. Going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

- 7.2** There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty, as reported in note 11.2 to the annual financial statements of the Fund for the year ended June 30, 2021. Had the provision for FED not been recorded in the condensed interim financial statements of the Fund, the net assets value of the Fund as at December 31, 2021 would have been higher by Re.0.02 (2020 Re.0.02) per unit.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the December 31, 2021 (June 30, 2021: Nil).

9. ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has charged actual expenses related to registrar services, accounting, operations and valuation services to the CIS as per SECP vide SRO 639 dated June 20, 2019.

10. SELLING AND MARKETING EXPENSES

The Management Company has charged actual expenses to the extent as it has think expedient as per SECP circular 11 dated July 05, 2019.

11. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to current period as the Management Company intends to distribute in cash the required minimum percentage of the Fund's accounting income for the period ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unitholders in the form of cash.

12. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

13. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

13.1 Unit Holder's Fund

**MCB-Arif Habib Savings and Investments Limited -
Management Company**

Group / associated companies / undertakings

Adamjee Insurance Company Limited - Amanat Fund
Adamjee Life Assurance Company Limited - IMF
Adamjee Life Assurance Company Limited - Non-Listed Investment Linked Fund
Adamjee Insurance Company Limited - MAZAAF
D.G. Khan Cement Company Limited - Employees Provident Fund Trust
Hyundai Nishat Motor Private Limited
Nishat Mills Limited
Asghari Beg Memorial Trust
MCBFSL Trustee Alhamra Smart Portfolio Fund
Directors And Key Management Personnel
Mandate under discretionary portfolio services

For the half year ended December 31, 2021 (Un-audited)							
As at July 01, 2021	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at December 31, 2021	As at July 01, 2021	Issued for cash / conversion in transferred	Redeemed / conversion out / transfer out	As at December 31, 2021
(Number of units)				(Rupees in '000)			
2,164,502	-	-	2,164,502	24,437	-	-	22,814
17,293,090	2,835,183	2,922,374	17,205,899	195,239	30,500	32,000	181,350
99,292,172	-	26,443,182	72,848,990	1,121,009	-	288,000	767,828
10,803,462	-	10,803,462	-	121,971	-	121,000	-
30,061,811	11,782,136	4,566,210	37,277,737	339,398	126,000	50,000	392,907
462,336	-	-	462,336	5,220	-	-	4,873
-	1,920,274	45,455	1,874,819	-	21,467	500	19,761
1,121,411	-	-	1,121,411	12,661	-	-	11,820
387,764	-	-	387,764	4,378	-	-	4,087
2,681,101	2,239,685	1,119,979	3,800,807	30,270	25,055	12,063	40,061
1,834,806	7,049,785	6,507,059	2,377,532	20,715	77,144	71,093	25,059
18,418,246	13,243,095	6,773,334	24,888,007	207,942	145,071	73,610	262,320

**MCB-Arif Habib Savings and Investment Limited -
Management Company**

Group / associated companies / undertakings

Adamjee Insurance Company Limited - Amanat Fund
Adamjee Life Assurance Company Limited - IMF
Adamjee Life Assurance Company Limited - Non-Listed Investment Linked Fund
Adamjee Insurance Company Limited - MAZAAF
D.G. Khan Cement Company Limited - Employees Provident Fund Trust
Nishat Mills Limited
Asghari Beg Memorial Trust
Alhamra Islamic Active Allocation Fund Plan I
Alhamra Islamic Active Allocation Fund Plan II
Directors And Key Management Personnel
Mandate under discretionary portfolio services

For the half year ended December 31, 2020 (Un-audited)							
As at July 01, 2020	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at December 31, 2020	As at July 01, 2020	Issued for cash / conversion in transferred	Redeemed / conversion out / transfer out	As at December 31, 2020
(Number of units)				(Rupees in '000)			
-	-	-	-	-	-	-	-
22,726,705	1,038,422	4,964,375	18,800,752	197,495	10,000	49,300	203,612
94,010,563	5,281,609	-	99,292,172	816,952	55,000	-	1,075,334
8,941,197	1,862,265	-	10,803,462	77,699	19,000	-	117,001
27,585,782	2,868,403	-	30,454,185	239,720	30,000	-	329,819
462,336	-	-	462,336	4,018	-	-	5,007
1,121,411	-	-	1,121,411	9,745	-	-	12,145
428,413	-	-	428,413	3,723	-	-	4,640
-	3,075,397	3,075,397	-	-	31,000	33,153	-
-	4,028,447	-	4,028,447	-	41,000	-	43,628
3,038,499	11,213,998	10,674,397	3,578,100	26,405	111,010	104,753	38,751
16,348,080	6,100,875	3,671,067	18,777,888	142,065	62,541	35,573	203,365

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended December 31,	
	2021	2020
	----- (Rupees in '000) -----	
13.2 Transactions during the period:		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	39,949	38,077
Shariah Advisory Fee	363	384
Marketing and Selling expense	22,978	21,902
Allocated Expenses	1,768	1,685
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	2,567	2,469
Central Depository Service charges	212	205
Arif Habib Capital Limited - Subsidiary of Associated Company		
Brokerage expense*	227	626
MCB Bank Limited- Parent of the Management Company		
Bank charges	35	38
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Profit on bank balances	-	346
DG Khan Cement Company Limited - Group Company of Parent Company		
Purchase 528,515 (2020: 1,336,000) shares	44,436	138,191
Sales of 332,131 (2020: 1,336,000) shares	31,663	144,682
Dividend Income	530	-
Nishat Mills Limited - Group Company of Parent Company		
Purchase of 517,200 (2020: 835,000) shares	47,898	81,587
Sales of 517,200 (2020: 457,000) shares	44,234	46,602
Dividend Income	1,514	2,540
Fatima Fertilizer Company Limited - Group Company of Associated Company		
Sales of Nil (2020: 1,060,500) shares	-	29,694
Aisha Steel Mills Limited - Group Company of Associated Company		
Purchase 3,334,500 (2020: Nil) shares	54,023	-
Sales of 1,834,500 (2020: Nil) shares	30,989	-
Nishat (Chunian) Limited - Group Company of Associated Company		
Purchase 350,000 shares (2020: Nil) shares	14,746	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

13.3 Balances outstanding at period end:

	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
Management Company		
MCB - Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	5,180	5,715
Sindh sales tax payable on remuneration	673	743
Sales load payable including related taxes	49	82
Shariah advisory fee payable	63	60
Payable against allocated expense	259	286
Payable against marketing and selling expenses	10,534	11,074
 Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	344	368
Sindh sales tax payable on remuneration	45	48
Security deposit	300	300
 Group / associated companies		
 Arif Habib Limited - Brokerage House		
Brokerage payable *	1	203
 MCB Bank Limited		
Bank balance	6,868	4,428
 MCB Islamic Bank Limited		
Bank balance	10	10
 Aisha Steel Limited		
1,500,000 shares (2021: Nil) shares	22,590	-
 D.G. Khan Cement Company Limited		
770,000 shares (2021: 573,616) shares	63,864	67,641
 Nishat (Chunian) Limited		
350,000 shares (2020: Nil shares)	15,943	-

* The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2021 and June 30, 2021, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
December 31, 2021 (Un-audited)				
At fair value through profit or loss				
Listed Equity Securities	<u>2,999,753</u>	<u>-</u>	<u>-</u>	<u>2,999,753</u>
June 30, 2021 (Audited)				
At fair value through profit or loss				
Listed Equity Securities	<u>3,343,373</u>	<u>-</u>	<u>-</u>	<u>3,343,373</u>

During the period ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

The Fund has not disclosed the fair values of other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.54% as on December 31, 2021 (December 31, 2020: 5.46%) and this includes 0.29% (December 31, 2020: 1.16%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee.

16. GENERAL

16.1 Prior period's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

16.2 Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statement were authorised for issue by the Board of Directors of the Management Company in the meeting held on February 08, 2022.

For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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